



UK Week in Markets

Week ending 4 April 2021



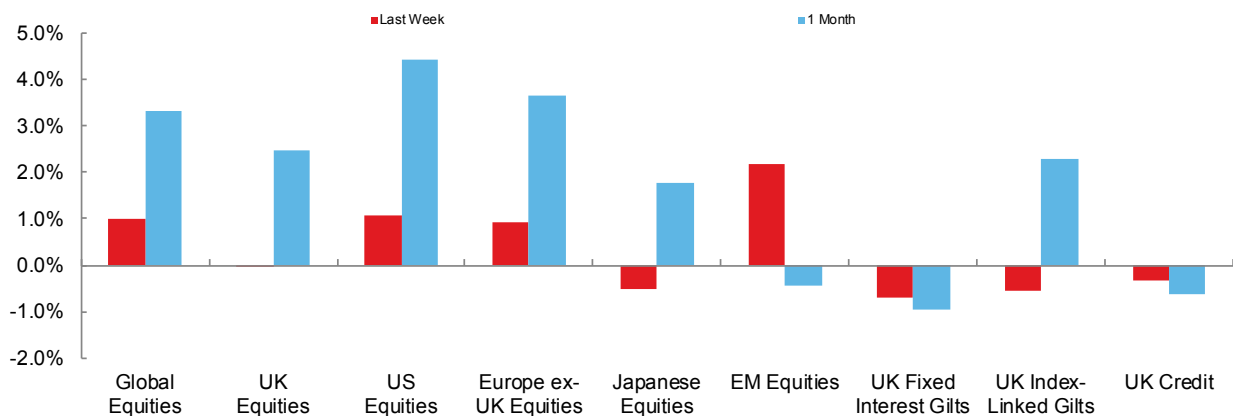
Key News and Events

- US President Joe Biden unveiled his \$2tn infrastructure plan to reshape the US economy. The plan includes spending on transportation infrastructure, research & development and climate change. A hike in the corporate tax rate from 21% to 28% is also planned to fund the proposed stimulus.
- Lockdowns across Europe have been announced to curb a “third wave” of coronavirus sweeping across the continent. French President Emmanuel Macron extended lockdown across the country for four weeks. Elsewhere, Italy became the first European nation to make jobs mandatory for healthcare workers.
- The manufacturing sector across major economies grew at a sharp pace in March. The UK manufacturing Purchasing Manager’s Index (PMI) grew at the fastest pace in a decade as it rose to 58.9. The Eurozone PMI rose to an all-time high of 62.5 while the US PMI rose to 59.1.
- US job growth was stronger than expected as the economy added 916,000 jobs in March, the highest number since August 2020. The US unemployment rate fell to 6.0%.



Market Overview

Index Returns



Cumulative Return Over Last 12 Months

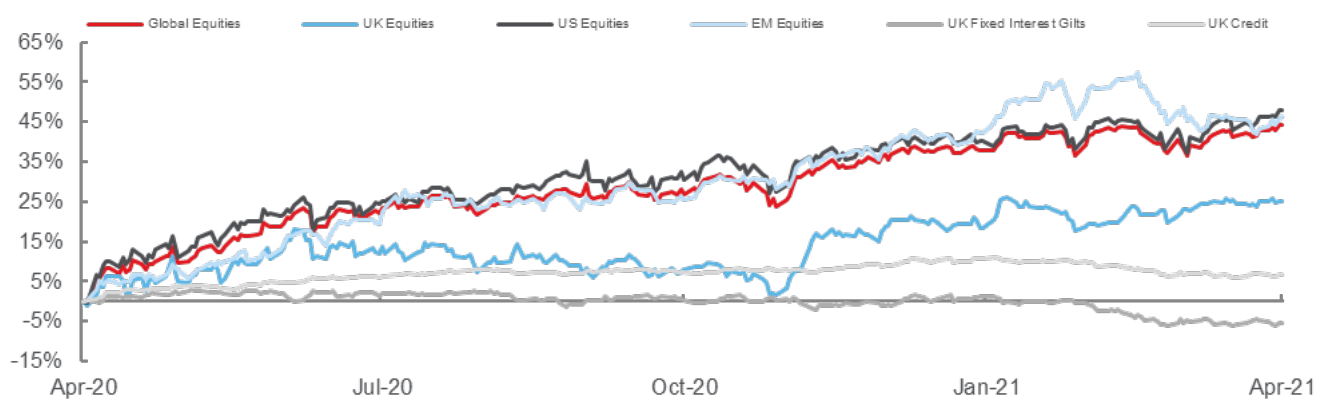


Chart Source: FactSet, FTSE, MSCI, ICE BofAML. Total return in GBP terms shown.



Market Summary

Equities

- Global equity markets rose over the week.
- The MSCI AC World Index rose by 1.3% in local currency terms and rose by 1.0% in sterling terms.
- The Telecommunications sector was the best performer, returning 2.7% in sterling terms.
- The Energy sector was the worst performer, returning -1.1% in sterling terms.
- Emerging Market equities were the best performing market in sterling terms (+2.2%).
- Japanese equities were the worst performing market in sterling terms (-0.5%).

Government Bonds

- The 10-year gilt yield rose by 5bps to 0.80% and the 20-year gilt yield rose by 6bps to 1.31%.
- The 10-year US treasury yield rose by 5bps to 1.72%.
- At the 10-year maturity, the German bund yield rose by 2bps to -0.33% and the French government bond yield rose by 3bps to -0.08%.
- Greek government bond yields fell by 4bps to 0.82%.
- The UK Over 5-year real yield rose by 3bps to -2.05% and the UK 20-year real yield rose by 1bp to -2.27%.
- 20-year breakeven inflation rose by 4bps to 3.48%.

Credit

- The sterling non-gilt spread over UK gilt yields (based on the ICE index) was unchanged at 95bps over the week.
- The US high yield bond spread over US treasury yields fell by 15bps to 333bps over the week.
- US investment grade bonds rose over the week, returning 0.6%. The spread of hard currency emerging market debt over US treasury yields fell by 1bp to 348bps over the week.

Commodities

- The S&P GSCI index was unchanged in USD terms over the week.
- The S&P GSCI Energy index rose by 0.6% as the price of Brent Crude oil rose by 0.4% to US\$65/BBL.
- Industrial metal prices fell by 2.2% as copper prices fell by 1.8% to US\$8,768/MT.
- Agricultural prices fell by 0.3% and gold prices fell by 0.3% to US\$1,726/Oz.

Currencies

- Sterling strengthened by 0.2% against the US dollar and rose by 0.5% against the euro, ending the week at \$1.38/£ and €1.18/£ respectively.
 - The US dollar increased by 0.9% against the Japanese yen, ending the week at ¥110.6/\$.
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